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COMMISSION

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

**E.ON U.S. LLC**

State Regulation and Rates  
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March 21, 2007

**Re: *PowerGen plc, LG&E Energy Corp., Louisville Gas & Electric Company, and Kentucky Utilities Company - (Case No. 2000-095)* and *E.ON AG, PowerGen plc, LG&E Energy Corp., Louisville Gas & Electric Company, and Kentucky Utilities Company (Case No. 2001-104)***

Dear Ms. O'Donnell:

Pursuant to the Commission's Order in Case No. 2000-095, Kentucky Utilities Company ("KU") filed, on February 21, 2007, the KU quarterly Twelve-Month Ended Income Statement and Balance Sheet, on a Kentucky Jurisdictional and Other Jurisdictional operations basis. It has come to my attention that the original statements contained errors in the jurisdictional allocation factors. Corrected statements are attached hereto.

Should you have any questions regarding the information filed herewith, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

Enclosures

cc: Mr. David S. Samford, Office of the General Counsel  
Mr. Isaac Scott, Financial Analysis Division  
Ms. Joyce Spear, Rates and Tariffs Division

## KENTUCKY UTILITIES COMPANY

Balance Sheet  
At December 31, 2006

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Utility Plant</b>				
Utility Plant	101-106	\$ 3,680,734,486	\$ 3,204,898,313	\$ 475,836,173
Plus: Construction Work in Progress	107	487,243,640	432,082,384	55,161,256
Total Utility Plant		\$ 4,167,978,127	\$ 3,636,980,697	\$ 530,997,430
Less: Accumulated Provision for Depreciation	108,111	1,850,012,155	1,598,291,173	251,720,982
Net Utility Plant		\$ 2,317,965,972	\$ 2,038,689,524	\$ 279,276,448
<b>Other Property and Investments</b>				
Non-Utility Property	121	\$ 1,027,089	\$ -	\$ 1,027,089
Less: Accum Prov for Depr and Amortization	122	57,926	-	57,926
Investment in Subsidiary Companies	123.1	17,794,087	-	17,794,087
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	426,140	-	426,140
Special Funds	125-128	5,704,694	-	5,704,694
Total Other Property and Investments		\$ 24,894,084	\$ -	\$ 24,894,084
<b>Current and Accrued Assets</b>				
Cash	131	\$ 5,309,005	\$ 4,676,278	\$ 632,727
Special Deposits	132-134	22,807,516	20,089,316	2,718,200
Working Funds	135	58,230	51,290	6,940
Temporary Cash Investments	136	3,505	3,087	418
Customer Accounts Receivable	142	81,011,048	57,209,334	23,801,714
Other Accounts Receivable	143	2,096,320	1,837,592	258,728
Less: Accum Prov for Uncollectable Accts-Credit	144	1,820,191	1,595,543	224,648
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	50,014,360	44,530,120	5,484,240
Fuel	151	64,221,479	55,559,928	8,661,551
Plant Materials and Operating Supplies	154	25,951,429	22,500,590	3,450,839
Allowances	158.1	1,670,538	1,442,446	228,092
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	6,386,539	5,699,220	687,319
Prepayments	165	5,878,487	5,177,745	700,742
Interest and Dividends Receivable	171	141,035	124,226	16,809
Accrued Utility Revenues	173	41,715,000	39,079,000	2,636,000
Miscellaneous Current Assets -- Mark to Market	174	895,627	788,886	106,741
Total Current and Accrued Assets		\$ 306,339,927	\$ 257,173,515	\$ 49,166,412
<b>Deferred Debits</b>				
Unamortized Debt Expense	181	\$ 5,875,218	\$ 5,175,010	\$ 700,208
Unrecovered Plant and Regulatory Costs	182	-	-	-
Other Regulatory Assets	182.3	115,016,843	101,498,593	13,518,250
Preliminary Survey and Inventory	183	294,017	258,976	35,041
Clearing Accounts	184	2,752,647	2,450,810	301,837
Miscellaneous Deferred Debits	186	64,087,291	25,447,602	38,639,689
Unamortized Loss on Re-Acquired Debt	189	10,327,192	9,096,397	1,230,795
Accumulated Deferred Income Taxes	190	46,004,037	40,104,847	5,899,190
Total Deferred Debits		\$ 244,357,245	\$ 184,032,235	\$ 60,325,010
Total Assets and Other Debits		\$ 2,893,557,227	\$ 2,479,895,274	\$ 413,661,953

## KENTUCKY UTILITIES COMPANY

Balance Sheet  
At December 31, 2006

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Proprietary Capital</b>				
Common Stock Issued	201	\$ 308,139,978	\$ 271,415,855	\$ 36,724,123
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	15,000,000	13,212,300	1,787,700
Derivative Cumulative Effect	214200	-	-	-
Capital Stock Expense	214	(321,289)	(282,998)	(38,291)
Retained Earnings	215-216	854,131,028	752,335,692	101,795,336
Unappropriated Undistributed Subsidiary Earnings	216.1	16,248,287	14,311,816	1,936,471
Total Proprietary Capital		<u>\$ 1,193,198,003</u>	<u>\$ 1,050,992,665</u>	<u>\$ 142,205,338</u>
<b>Long Term Debt</b>				
Bonds	221	\$ 305,951,140	\$ 269,487,883	\$ 36,463,257
Long Term Debt Marked to Market	221200	433,540	381,871	51,669
Long Term Debt To Associated Companies	233006	483,000,000	425,436,060	57,563,940
Other Long Term Debt	224	-	-	-
Unamortized Premium on Long Term Debt	225	-	-	-
Total Long Term		<u>\$ 789,384,680</u>	<u>\$ 695,305,814</u>	<u>\$ 94,078,866</u>
<b>Other Non-Current Liabilities</b>				
Accumulated Provision for Property Insurance	228.1	\$ -	\$ -	\$ -
Accumulated Provision for Injuries and Damages	228.2	-	-	-
Accumulated Provision for Pensions and Benefits	228.3	135,758,972	120,872,552	14,886,420
Accumulated Miscellaneous Operating Provision	228.4	-	-	-
Total Other Non-Current Liabilities		<u>\$ 135,758,972</u>	<u>\$ 120,872,552</u>	<u>\$ 14,886,420</u>
<b>Current and Accrued Liabilities</b>				
Notes Payable	231	\$ -	\$ -	\$ -
Accounts Payable	232	80,803,859	71,943,449	8,860,410
Notes Payable to Associated Companies	233	97,043,054	85,477,463	11,565,591
Accounts Payable to Associated Companies	234	81,880,155	71,486,273	10,393,882
Customer Deposits	235	18,681,706	17,847,775	833,931
Taxes Accrued	236	5,483,045	4,829,576	653,469
Interest Accrued	237	7,375,554	6,496,535	879,019
Dividends Declared	238	-	-	-
Matured Long Term Bonds/LTD Due in 1 Year	230	53,000,000	46,683,460	6,316,540
Tax Collections Payable	241	3,344,527	2,805,879	538,648
Miscellaneous Current and Accrued Liabilities	242	10,751,455	9,979,417	772,038
Total Current and Accrued Liabilities		<u>\$ 358,363,355</u>	<u>\$ 317,549,827</u>	<u>\$ 40,813,528</u>
<b>Deferred Credits</b>				
Customer Advances for Construction	252	\$ 1,972,866	\$ 1,958,015	\$ 14,851
Accumulated Deferred Investment Tax Credits	255	13,023,775	11,108,447	1,915,328
Other Deferred Credits	253	7,283,142	6,550,123	733,019
Other Regulatory Liabilities	254	35,939,373	31,880,351	4,059,022
Asset Retirement Obligation	230	28,481,207	24,592,383	3,888,824
Miscellaneous Long Term Liability Due to Associated Companies	234	-	-	-
Accumulated Deferred Income Taxes	281-283	330,151,853	287,815,821	42,336,032
Total Deferred Credits		<u>\$ 416,852,217</u>	<u>\$ 363,905,140</u>	<u>\$ 52,947,076</u>
Total Liabilities and Other Credits		<u>\$ 2,893,557,228</u>	<u>\$ 2,548,625,998</u>	<u>\$ 344,931,230</u>
Adjustment to Balance		\$ 0	\$ 68,730,723	\$ (68,730,723)

**KENTUCKY UTILITIES COMPANY**

## Statement of Income

Twelve Months Ended December 31, 2006

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Utility Operating Income</b>				
Operating Revenues:				
Residential Sales	440	\$ 380,586,936	\$ 355,896,623	\$ 24,690,313
Commercial and Industrial Sales:	442			
Small (or Comm) - Rural Comm & Comm L&P		\$ 261,749,380	250,024,183	11,725,197
Large (or Ind) - Industrial & Mine Power		285,561,726	273,647,797	11,913,929
Public Street and Highway Lighting	444	8,539,350	8,291,130	248,220
Other Sales to Public Authorities	445	80,477,305	75,809,580	4,667,725
Total Sales to Ultimate Consumers		\$ 1,016,914,698	\$ 963,669,313	\$ 53,245,385
Sales for Resale	447	172,722,122	78,104,670	94,617,452
Total Sales of Electricity		\$ 1,189,636,820	\$ 1,041,773,983	\$ 147,862,837
Less: Provision for Refund	449.1	-	-	-
Total Revenues Net of Provision for Refund		\$ 1,189,636,820	\$ 1,041,773,983	\$ 147,862,837
Other Operating Revenues:				
Miscellaneous Service Revenues	451	1,391,724	1,365,951	25,773
Rent from Electric Property	454	2,729,645	2,593,831	135,814
Other Electric Revenues	456	16,261,096	14,070,918	2,190,177
Total Other Operating Revenues		\$ 20,382,465	\$ 18,030,700	\$ 2,351,765
Total Operating Revenue		\$ 1,210,019,285	\$ 1,059,804,683	\$ 150,214,602
Operating Expenses:				
Operation Expenses	401	\$ 770,339,127	\$ 670,437,594	\$ 99,901,533
Maintenance Expenses	402	72,877,246	64,082,710	8,794,536
Depreciation Expense	403	109,935,755	96,168,108	13,767,647
Amortization of Limited-Term Electric Plant	404	5,072,614	4,417,241	655,373
Regulatory Credits	407	(2,044,274)	(1,766,066)	(278,208)
Taxes Other than Income Taxes	408.1	18,603,067	16,585,374	2,017,693
Income Taxes - Federal	409.1	60,696,525	Total Income Taxes 64,631,745	8,111,047
Income Taxes - State	409.1	11,375,572		
Provision for Deferred Income Taxes	410.1	41,108,472		
Provision for Deferred Income Taxes - Credit	411.1	(40,437,777)		
Accretion Expense	411.1	1,747,615	1,509,888	237,727
Investment Tax Credit Adjustment - Net	411.4	-	-	-
Losses/(Gains) from Disposition of Allowances	411.8	(1,283,929)	(1,108,624)	(175,305)
Total Utility Operating Expenses		\$ 1,047,990,012	\$ 914,957,970	\$ 133,032,042
Net Utility Operating Income		\$ 162,029,272	\$ 144,846,712	\$ 17,182,560

**KENTUCKY UTILITIES COMPANY**

## Statement of Income

Twelve Months Ended December 31, 2006

Title of Account	No.	Total	KU Retail	Other
Column A	Col. B	Kentucky Utilities	Jurisdictional	Jurisdictional
		Column C	Column D	Column E

**Other Income and Deductions are not separated on a jurisdictional basis.**

<u>Other Income and Deductions</u>				
Total Other Income		\$ 33,823,990		
Total Other Income Deductions		4,013,118		
Total Taxes on Other income and Deductions		1,622,708		
Net Other Income and Deductions		\$ 28,188,164		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 33,670,961		
Amortization of Debt Discount and Expense	428	247,830		
Amortization of Loss on Re-Acquired Debt	428.1	689,205		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-		
Interest on Debt to Associated Companies	430	2,943,089		
Other Interest Expense	431	1,108,319		
Allowance for Borrowed Funds Used During				
Contruction	432	(262,752)		
Net Interest Charges		\$ 38,396,653	\$ 34,183,871	\$ 4,212,782
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 151,820,784		